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TO THE HOUSE COMMITTEE ON CONSUMER PROTECTION AND COMMERCE

TWENTY-EIGHTH LEGISLATURE  
Regular Session of 2015

Monday, March 30, 2015  
2:00 p.m.

**TESTIMONY ON SENATE BILL NO. 589, S.D. 2, H.D. 1 – RELATING TO  
INSURANCE.**

TO THE HONORABLE ANGUS L.K. McKELVEY, CHAIR, AND MEMBERS OF THE  
COMMITTEE:

My name is Gordon Ito, State Insurance Commissioner, testifying on behalf of the Department of Commerce and Consumer Affairs ("Department"). The Department supports this bill and provides the following comments.

This bill is similar to H.B. 737, H.D. 2 which was passed by the House. The purpose of this bill is to require the renewal of property insurance in areas of Puna where a state of emergency has been declared due to a lava flow threat and the lifting of the moratorium on the issuance of new policies in these lava zones. This bill also continues to permit insurers to non-renew for nonpayment of premium by a policyholder and limits annual nonrenewal to five percent of the total number of covered policies of the insurer in force in the lava zones. Once this bill is enacted, the Hawaii Property Insurance Association will lift the moratorium on the issuance of new policies in Puna.

The Department notes S.D. 2, H.D. 1 makes technical and nonsubstantive amendments to S.D. 2 for clarity, consistency, and style. The Department respectfully proposes the following changes (some of which are underlined to indicate location of revision) to H.D. 1 for technical and clarification purposes:

**Senate Bill No. 589, S.D. 2, H.D. 1**  
**DCCA Testimony of Gordon Ito**  
**Page 2**

Page 1, lines 16-17 and page 2, lines 1-2 should read: "Allow a homeowner who had no prior insurance to purchase insurance coverage from the Hawaii Property Insurance Association, with the effective date of the coverage being no longer than six months from the date of offer."

Page 2, line 21 should read "non-renew" instead of "refuse to renew." This change would ensure consistency with the use of "non-renew" on page 2, line 17.

Page 3, lines 14-18 should read "Upon the moratorium's removal, the association shall offer new policies and may provide a waiting period for no longer than six months for the policy coverage to take effect; provided that the residential property in the lava zone does not have current insurance."

If the Committee accepts the Department's proposed amendment to page 1, lines 16-17 and page 2, lines 1-2, the Department respectfully requests that the Committee replace "issue" with "offer" in the bill description to correspond to the change made to H.D. 1.

We thank the Committee for the opportunity to present testimony on this matter and ask for your favorable consideration.